

Warsaw, 25 February 2016

Report on activities of the Audit Committee of the Supervisory Board of mBank S.A. in 2015

Legal basis

The Audit Committee of the Supervisory Board of mBank SA acts as a standing Committee in line with:

- Article 86 of the Act on statutory auditors and their council, entities authorised to audit financial statements, and public supervision dated 7 May 2009
- "Recommendations concerning the operation of the Audit Committee" issued by the Office of the Polish Financial Supervision Authority in November 2010
- Good Practices of Companies listed on the Warsaw Stock Exchange
- the By-laws of mBank SA (Article 22 (3).2)
- the Rules of the Supervisory Board of mBank SA (Article 12 (3).2).

Composition of the Committee

The composition of the Audit Committee was as follows:

- Stephan Engels (Chairman)
- Andre Carls (Member)
- Maciej Leśny (Member)
- Waldemar Stawski (Member)

During the meetings all current and open issues were discussed, and delivery protocols were developed.

Meetings / operation / decisions

In 2015 the Audit Committee held 4 meetings: 2 March, 12 June, 28 October and 10 December.

During the meeting held on 2 March 2015, the Audit Committee analysed and among others discussed the following issues:

- Confirmation of fulfilment of legal and regulatory requirements of mBank S.A. financial statements
- Final conclusion of year-end audit of mBank S.A. Group financial statements for 2014 including key findings of the external auditor
- Approval of financial statements of mBank S.A. for 2014

- Approval of consolidated financial statements of mBank S.A. Group for 2014
- Assessment of cooperation with external auditor in 2014
- Internal audit report December 2014 - January 2015
- Internal audit report for 2014
- Assessment of internal control and risk management system in mBank S.A. in 2014
- Approval of internal audit plan for 2015
- Approval of report on Audit Committee activities in 2014.

After a discussion, the Audit Committee made the following decisions:

- Decision 10/15 on approval of the Management Board report on the business of mBank S.A. for 2014 and the financial statements of mBank S.A. for 2014
- Decision 11/15 on approval of the Management Board report on the business of mBank Group for 2014 and the consolidated financial statements of mBank Group for 2014
- Decision 13/15 on approval of the internal audit plan for 2015
- Decision 14/15 on approval of the report on the activities of the Audit Committee of the Supervisory Board of mBank SA in 2014
- Decision 15/15 on the approval for rendering of non-audit services

After the meeting of 02 March 2015, the Audit Committee took two Decisions adopted in circular procedure:

- Decision 16/15 dated 23 March 2015 on the approval of information about the implementation process of Recommendation D (IT processes) of Polish Financial Supervision (KNF) at mBank S.A.
- Decision 17/15 dated 08 May 2015 on the approval for rendering of non-audit services

During the meeting held on 12 June 2015, the Audit Committee analysed and discussed among others the following issues:

- External auditor audit plan for 2015
- Q1 review of the bank's financial results
- New risk disclosures in financial statements
- Internal audit report February 2015 - May 2015
- Approval of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank S.A. in 2014

- Approval of the annual report on Compliance Risk Management at mBank S.A. in 2014
- Approval of the annual report on exercising supervision over processes of handling claims and complaints at mBank S.A. for 2014

After a discussion, the Audit Committee made the following decisions:

- Decision 18/15 on acceptance of the annual report on Compliance Risk Management at mBank S.A. in 2014
- Decision 19/15 on acceptance of the annual report of the coordinator for outsourcing on the performance of tasks from the outsourcing area at mBank S.A. in 2014
- Decision 20/15 on acceptance of the annual report on exercising supervision over the processes of handling claims and complaints at mBank SA for 2014

During its 28 October 2015 meeting, the Audit Committee discussed among others the following issues in detail:

- Q2/Q3 review of the bank's financial results
- External auditor audit plan for YE 2015
- Internal audit report June 2015 - September 2015
- Changes to internal audit plan for 2015
- Compliance main challenges and self-assessment
- Events registered in the whistleblowing system (BKMS) and other channels in the period: January - September 2015 (Whistleblowing Report)
- Status report on implementation of the new Internal Control System and Self-assessment Process

After a discussion, the Audit Committee made the following decisions:

- Decision 21/15 regarding granting consent to annex a Contract for Services
- Decision 22/15 regarding the approval of approval of changes in the Internal Audit Plan for 2015

During its meeting held on 10 December 2015 the Audit Committee addressed in detail among others the following issues:

- Q3 review of the Bank's financial results
- Internal audit report September 2015 - November 2015
- Preliminary internal audit plan for 2016
- Changes to internal audit plan for 2015

- Executive Summary on the Quality Assessment of Internal Audit mBank S.A. and Results of the Stakeholder Survey mBank S.A. conducted in September 2015
- Approval of changes to the Compliance Policy in mBank S.A.
- FATCA policy at mBank S.A.

The Audit Committee made decisions on:

- Decision 23/15 regarding the approval for rendering of non-audit services
- Decision 24/15 regarding the approval of changes in the Internal Audit Plan for 2015
- Decision 25/15 regarding the approval of changes to the Compliance Policy in mBank S.A.

During each meeting the Audit Committee exercised regular supervision over internal audit. The Audit Committee was informed on a regular basis on actions taken in terms of the key risk areas, and reports of the Internal Audit Department covering a wide scope of audit issues, including the reports on:

- information about implementation of overdue recommendations issued by the Internal Audit Department
- main risk areas.

All the aforementioned internal audit reports were discussed in detail during the Committee meetings.

The Audit Committee agrees with the risk assessment for processes and areas at the Bank presented by the Internal Audit Department. The Committee assesses positively all the measures taken in order to minimize the risk level that showed positive effects.

During the meetings of the Audit Committee, the Compliance Department informed the Committee about all necessary issues concerning Compliance area and answered all questions of the Members of the Committee. The Audit Committee recommended to the Supervisory Board all necessary Reports of the Compliance Department and changes to the Compliance Regulations in which changes require acceptance by the Supervisory Body.

Furthermore, the Audit Committee was informed on a regular basis about the Bank's performance and financial standing before publication of the quarterly reports of mBank Group.

The Audit Committee fulfilled all the duties imposed on it under the law.

Stephan Engels
Chairman of the Audit Committee